



**U.S. Department of Housing and Urban
Development**

Phoenix Field Office

One North Central, Suite 600

Phoenix, Arizona 85004-4414

www.hud.gov/arizona.html

FEB 20 2004

Honorable Fulton Brock
Chairman
Maricopa County Board of Supervisors
301 West Jefferson, 10th Floor
Phoenix, Arizona 85003
Dear Mr. Brock:

Subject: Annual Community Performance Assessment
Program Year 2002-03 Report

HUD's Community Planning and Development (CPD) Division annually reviews the performance of our grantee's management of the four entitlement programs. Maricopa County is the recipient of three of these entitlement programs. They are Community Development Block Grant (CDBG), HOME Investment Partnerships (HOME), and Emergency Shelter Grant (ESG). In FY 2002-03 the County was awarded \$3,588,000 in CDBG, \$4,774,000 in HOME, and \$122,000 in Emergency Shelter Grant funding. In addition, activities from these programs are supplemented with assistance from competitive grants received under the McKinney-Bento Act, such as Supportive Housing, Section 8 Moderate Rehab SRO, and Shelter Plus Care.

Maricopa County spent over \$7 million of these HUD resources during the program year. Overall, the County continues to perform well in the use of its resources. CDBG, HOME and ESG funds continue to be spent in a timely manner. Activities were undertaken that address the County's priority needs as described in its 5-year Consolidated Plan for the period 2000-2004. Staff continues to demonstrate their ability to implement the above programs in accordance with federal requirements. Our review of the Consolidated Annual Performance and Evaluation Report (CAPER) and other available information, confirms that the County has the continuing capacity to administer its CDBG, HOME, and ESG programs.

The County has successfully leveraged its HUD funding. Seed money is provided to foster development of affordable rental housing as well as home ownership opportunities. Funds are being used to upgrade undersized and/or deteriorating public improvements. In addition, in support of the Maricopa Continuum of Care, limited funds were used to provide needed assistance to local and regional homeless facilities serving domestic violence victims, families with children, and single adult males. Through

public service agencies funded with HUD and County General Funds, the needs of homeless persons and persons with special needs were also addressed.

AFFORDABLE HOUSING

Maricopa County is the lead entity in the Maricopa HOME Consortium. The Maricopa HOME Consortium's Consolidated Plan priorities reflect its affordable housing needs and priorities. They include rehabilitating owner-occupied dwellings, pursuing acquisition and rehabilitation opportunities, fostering homeownership opportunities for lower income, credit-worthy borrowers, stimulating the production of multi-family housing for lower income families and seeking to address the needs of homeless and those with special needs. The County is addressing these priorities through programs involving owner and renter new construction, rehabilitation, assistance to first time homebuyers, and acquisition with rehabilitation to provide affordable rentals.

Urban County and Consortium performance is reported in the Maricopa HOME Consortium CAPER. The CAPER, reporting accomplishments for year 2002-03 activities, shows progress being made toward addressing the Consolidated Plan's priorities and five-year goals. Maricopa Urban County's primary focus has been on maintaining the existing housing stock of its 12 incorporated cities and its unincorporated area through the rehabilitation of single-family owner-occupied housing. The CAPER reports the rehabilitation of single-family owner-occupied units in seven of these 13 geographic areas using both CDBG and HOME funds. A total of 63 units were rehabilitated in the Urban County. In the Consortium as a whole, 897 single-family units were rehabilitated,

Providing affordable homeownership opportunities is a national as well as local goal. President Bush has made homeownership a priority and has charged HUD to create affordable housing opportunities for low and moderate-income families. The American Dream Downpayment Act was recently signed by the President, which will enable low-income families to become new homeowners. The program will help meet the goal of increasing minority homeownership by 5.5 million families by the end of the decade. In response to the need for affordable homeownership opportunities, the urban county constructed 26 new units for low-income households and provided down payment and closing cost assistance to six (6) first time homebuyer families. The Consortium as a whole produced a total of 98 new homeownership units. Other resources such as City of Phoenix and Maricopa County Industrial Development Bonds were used to assist 265 households within the Consortium service area become first time homebuyers.

Rental-housing needs of the urban county are being addressed with HOME, General Funds, and Low Income Housing Tax Credit (LIHTC) projects. These projects have generated 139 units of affordable rental housing with 154 additional units in various phases of implementation. In addition, the balance of the Maricopa HOME Consortium will develop approximately 887 affordable rental units using IDA Bonds, HOME funds, State Housing Trust Funds and LIHTCs. In total, the Consortium will produce about 1,278 affordable rental-housing units. Leveraging CDBG and HOME funds with other

resources has resulted in significant accomplishments that address the Consortium's affordable housing needs.

AFFORDABLE HOUSING INITIATIVE

Affordable housing in Maricopa County is at a critical stage. Although the County is one of the fastest growing regions in the nation, it also has one of the lowest per capita incomes. Wages are not keeping pace with the cost of housing. In fact, according to the 2000 Census, population in the County has grown by 44.7 percent between 1990 and 2000 and continued at about 4 percent per year through 2003. In 1998 more than one-third of Arizona households (665,000) had annual incomes of less than \$25,000. By 2003, that number increased to approximately 700,000.

Since more than half the State's population resides within Maricopa County, the impact on housing affordability will be greater here than anywhere else in the State. These issues of low incomes and lack of affordable housing opportunities transcends municipal boundaries. No one unit of general local government can resolve them alone. The issue is regional. The most effective solutions are regional. In an effort to develop a regional approach the HUD Phoenix Office, the Arizona Housing Commission and the Arizona Department of Housing commissioned a study that quantified the affordable housing gap facing virtually all units of local government in the State. The report is the most comprehensive study ever conducted on the affordable housing needs of Arizona. The study indicates that 194,700 households statewide (10.4%) were paying more than they could afford for housing (e.g. more than 28% of their incomes). A large percentage of these households reside in Maricopa County.

Our next step in the regional campaign on affordable housing is to recruit leaders from business, non-profit, government, and faith based organizations that have a strong interest in helping to find solutions to the affordable housing dilemma. The goal of the effort is to reduce the affordable housing gap in each community using the "Affordable Housing Report" as a guide. The effort would be directed at housing for low and moderate-income households. A trip to California on September 11, 2003, gave local community leaders from Arizona's public and private sectors, an in-depth look at a successful regional effort in San Jose/Santa Clara County.

Upon returning to Arizona, the trip provided the impetus for the formation of an ongoing Action Committee that has the potential to shape the future of affordable housing in Maricopa County. The goal of the Committee is to develop a strategy the first year and implementation will begin the second year. As the most populated area in the State, and having the largest housing stock, it is important that Maricopa County be actively involved in this initiative. We look forward to your participation and leadership in this regional effort.

Addressing the needs of homeless individuals and families is a priority of the Department. HUD is committed to ending chronic homelessness within 10 years — by 2011. The chronically homeless are single adults who have severe disabilities and have been continually homeless for one year or more or have recurring episodes of homelessness. It is estimated that the number of chronically homeless nationally to be between 150,000 and 200,000. To assist state and local governments, non-profits, and faith based organizations and the private sector in providing housing and services for the homeless, the Secretaries of HIJD, HHS and Veteran Affairs have created an interagency working group to both identify obstacles to enrollment of homeless persons in mainstream service programs and recommend changes that would make federal mainstream supportive service programs more accessible. As homeless persons are able to access federal mainstream programs, more of HIJD's Continuum of Care Homeless funds will be available for transitional and permanent housing for the homeless.

Maricopa County continues to demonstrate its commitment to address the needs of homeless people. The County supports homeless assistance activities through a network of organizations such as Central Arizona Shelter Services, Save The Family Foundation, Catholic Social Services, among others. In Program Year 2002-03, the Maricopa County Continuum of Care was awarded \$10,081,366. This award funded 27 projects in the Continuum of Care, all of which are physically located within Maricopa County. Most of the projects funded with these resources are renewals. The County has also been an active participant in the Maricopa County Continuum of Care process, now coordinated through the Maricopa Association of Governments (MAG).

The effort to strengthen the Continuum of Care continues today. Through MAG, members adopted a Plan to End Homelessness. This plan is the culmination of efforts over the past few years to bring various entities together to address homelessness in a holistic and coordinated manner. The plan focuses on, but is not limited to, issues such as homeless prevention, discharge policies of area penal institutions, the provision of permanent supportive housing, community strategies, the removal of barriers, and the coordination of systems of care. The plan also includes the development of a Human Services homeless campus in downtown Phoenix. The County is an active partner in the development of this project. In the 2002-03 program year, the County budget dedicated \$1.7 million to the new Campus. Construction costs will exceed \$25 million. Upon completion, CASS, the current regional homeless shelter in downtown Phoenix, will be closed and its operations moved into the new complex. It is estimated the project will be operational in the fall of 2004. This facility, when completed, will be an integral part of a regional delivery system for the Continuum of Care.

To ensure that funds are being used efficiently and effectively, HUD has used its Technical Assistance funds and contracted with a consultant to develop a homeless evaluation system. This system will be used by the three Arizona Continuums of Care to evaluate the performance and effectiveness of homeless projects and programs. The Maricopa Association of Governments (MAG) will serve as the lead entity for the three

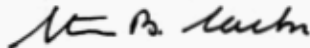
CONTINUUM OF CARE

Continuums. A sponsors meeting is scheduled for the middle of January to present these measures and to gain approval to proceed with field tests in a few jurisdictions across the State. We are pleased to assist in strengthening the partnership we have with the County and the Maricopa County Continuum of Care, and look forward to continuing this relationship in the future.

Congress has established a national goal that all continuums of care should be collecting an array of data on the homeless, including unduplicated counts of the homeless, their use of services and the effectiveness of local assistance systems. In order to achieve this objective, HUD has encouraged continuums to develop a Homeless Management Information System (HMIS). The Maricopa Continuum of Care (CoC) was one of the first continuums in the nation to dedicate funds to this project. As a result, they are being viewed as an example of how it should be done for the rest of the country. Community Information and Referral has been designated as the lead entity in the development of this system. The expectation is that it will be functional by Oct 4, 2004. At that time all CoC participants will be reporting data into this system, including MAG.

We look forward to continuing our partnership with Maricopa County to help achieve its economic development, affordable housing and community development goals. If you have any questions, please do not hesitate to contact me at (415) 436-6597 or Marty Mitchell, Program Manager in the HUD Phoenix Office at (602) 379-7175.

Sincerely,



Steven B. Sachs
Director
Community Planning and
Development Division

cc: Isabel McDougall
Director, Dept. of HCD

David Smith
County Manager